

~~CONFIDENTIAL~~

8 November 1954


MEMORANDUM FOR: Mr. Robert B. Wright, Chairman  
EDAC Ad Hoc Working Group on  
Research Implications of the Schelling Report

SUBJECT: Evaluation of the Schelling Report

1. The attached evaluation of the Schelling Report, "Soviet Economic Trends and Their Implications for East-West Trade," (ED/EC D-74) is hereby transmitted to you for use by EDAC.

2. The evaluation was jointly prepared by ORR/CIA and OIR/State and is concurred in by both.

25X1A

  
OTTO E. GUTHE  
Assistant Director  
Research and Reports

~~CONFIDENTIAL~~

State Dept. declassification & release instructions on file

~~CONFIDENTIAL~~

November 8, 1954

PRELIMINARY EVALUATION  
OF  
"SOVIET ECONOMIC TRENDS AND THEIR IMPLICATIONS  
FOR EAST-WEST TRADE"

(The "Schelling Report", issued as a part  
of ED/EC D-74, October 7, 1954)

I. EVALUATION

A. Introduction

1. There is unanimity of opinion that Schelling has produced a valuable and thought-provoking hypothesis. He challenges some of the judgments which underlie present U. S. East-West trade policy, and introduces new elements for policy consideration. In particular, he questions whether the USSR is short in nearly all lines of capital goods, and that Soviet foreign trade policy will continue to be dominated by the objectives of self-sufficiency and minimum reliance on foreign trade.

2. The general Schelling hypothesis fits the main economic facts of the Soviet Union, although some of his illustrations are inconsistent with current estimates. In the main, we agree with Schelling's analysis of internal economic developments within the Soviet Union, but have doubts about his statements regarding the implications of these developments for East-West trade.

3. The basic tenets of Schelling's analysis may be summarized as follows: (a) that for physical and institutional reasons the USSR will continue to have difficulty in expanding agricultural output in relation to growing Soviet needs for agricultural products, (b) that the USSR has by now a well developed capital goods industry which is beginning to show in certain lines capacity to produce in excess of current requirements and that the USSR is therefore in a position to export certain kinds of capital goods; and (c) that a policy of exporting increased quantities of capital goods, especially to underdeveloped countries outside the Soviet bloc, in exchange for foodstuffs and other consumer goods would net the USSR economic, political and strategic advantages. He proceeds to the conclusion that such an exchange could take place shortly.

4. This really amounts to saying that the USSR is developing a comparative advantage in the production of capital goods as opposed to agricultural commodities and that purely economic criteria (maximizing real income) would ultimately suggest a policy of expanding exports of capital goods in exchange for increasing agricultural imports. This is undeniably true as a statement of tendency, but primarily of the USSR and the more industrialized of the Satellites. However, Schelling goes on to argue that the economic advantages are compounded by political and strategic gains that would accrue to the USSR from expanded exports of capital goods to the underdeveloped areas. He concludes that "The principal orientation of our policy should not be to prevent such a development of trade, but to assure that it does not achieve disproportionate psychological and political results".

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-2-

5. By the same line of argument Schelling foresees an expansion in bloc exports of capital goods to Communist China in return partly for Chinese agricultural products and raw material and partly for foreign exchange obtained for similar Chinese exports to non-Communist areas. He observes in this connection that "the problem of denying China access to capital goods, metals and other raw materials" (i.e., from the bloc) can only be solved "by denying China useful foreign exchange to spend in the bloc, i.e., by action against imports from China".

6. There is general agreement with the Schelling thesis on Soviet agricultural production. There is also general agreement that the USSR is tending to replace its comparative advantage in agriculture with a comparative advantage in capital goods. However, we are not persuaded that the exchanges contemplated by Schelling will begin to take place shortly on a large scale, (a) because, despite an admittedly bleak long-run outlook, the measures now being taken to improve Soviet agriculture may alleviate the food situation somewhat over the next few years; and (b) because the evidence adduced by Schelling of particular examples of pressure for exports arising from excess capacity in the capital goods industries is questionable. Over the longer run, moreover, it would appear from analysis of the Soviet bloc as a whole, and especially of Communist China, that any capital goods surplus to the needs of the USSR could readily be absorbed in other parts of the Communist world. We believe that these needs will have priority for a long time to come over the dubious advantages to the Soviets of promoting economic growth (and, as they especially would think, political stability) in non-Communist countries, even though payments problems will arise in the case of China.

7. Despite these reservations, it is agreed that the Schelling thesis raises questions toward which the intelligence research now being done on the Soviet bloc should be increasingly directed. In this connection, two general questions should be continuously examined: (a) at what rate will this observed trend in the Soviet economy toward specialization in the production of capital goods proceed? (b) if this trend toward specialization continues how will it affect intra-bloc trade and East-West trade? The second question implies consideration of the political as well as economic advantages to be derived by the USSR from a policy of specialization and trade.

B. Trends and Relationships in the Soviet Economy

8. Some important facts and judgments presented by Schelling are questionable.

Agriculture

Schelling suggests that Soviet agriculture in the past has not suffered from lack of investment, citing the fact that agricultural investments have claimed a much larger proportion of total investment than has agriculture in

~~CONFIDENTIAL~~

the U. S. However, for the point at issue, the ratio of investment in agriculture to agricultural output is more significant than the ratio of agricultural investment to total investment (which Schelling uses), because agriculture is a much larger part of the whole economy in the USSR than in the U. S. For the USSR for the years 1948-1953 inclusive the ratio of investment to output is estimated at 9%. (The measure of investment used here includes farm construction and equipment.) A comparable figure for the U. S. for the same years (and including the same items in investment) is estimated at 28%. Furthermore, Schelling disregards the particularly heavy disinvestment which took place in Soviet agriculture during the collectivization period and during World War II.

9. In regard to the composition of agricultural investment in the USSR, it is conceivable that the nature of agricultural investment has created certain bottlenecks, which, if removed by further investment in different lines (e.g., storage, processing and marketing facilities) would permit a significant expansion of realized production. These and other possibilities for expanding agriculture should be pursued in more detail. Nevertheless, we agree that agricultural output expansion is a problem for the USSR and we are not optimistic about its solution.

#### Concept of Exportable Surplus

10. While Schelling recognizes that the concept, "exportable surplus", is a highly relative one, he does not, in framing his conclusions, take sufficient account of the qualifications which he himself introduces. The Soviet Union is still a capital short country and will be for some time to come. The apparent success in meeting requirements in some capital goods is really evidence of a deficiency of investment in construction. Transportation is still far short of the level needed for optimum economic development. The limited size of the road and rail network renders uneconomic a more rapid growth of the park of vehicles and rolling stock. Moreover, the utilization of excess capacity in any capital goods industry will be affected by the over-all economic policy of the country. For example, depending on the degree to which the new consumption program is implemented, an expansion of consumer goods production could be sufficient to absorb any previously existing excess capacity in the capital goods industries, especially in view of the case with which many of these facilities can be converted. Or again, a large amount of idle capacity might or might not be considered to represent an "exportable surplus" depending on how urgent the need is for the goods that could be imported. In other words, a rigorous demonstration of the economic desirability of engaging in foreign trade would require a comparison of the real costs of expanding agricultural output by x percent (i.e., the cost in terms of quantities of labor and capital required to do it) with the real cost of expanding capital goods production by the amounts required in exchange for imports of agricultural products equal to x percent of current agricultural output. Although we believe that this comparison would show that the advantage lies in expanding and exporting capital goods and that this advantage is growing, we do not have enough evidence to estimate how large the advantage is. And even if this comparison should indicate that foreign trade offers the cheaper way to obtain a given supply of agricultural commodities,

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-4-

whether or not this course will be followed depends on broader political and strategic considerations.

#### Industry

11. Estimates of Soviet production of specific capital goods are inevitably subject to a wide range of error and require constant revision. Thus, to base a firm thesis on such evidence at any particular time, as Schelling does, is always risky. In fact, some of his key examples fall because he was apparently not aware of revisions of basic estimates which were underway at the time he was making his study. For instance, his figures for railroad equipment, trucks and tractors are substantially higher than our present best estimates. On page 17, he states that "The clearest case of production capacity beyond current Soviet needs is in the field of railroad equipment, both locomotive and railroad cars". In his May 23, 1954 speech, Kaganovich pointed to the need to increase rail shipments by 50 to 60 percent by 1960. This, he said, would require increased effort on the part of producers of locomotives and rolling stock. We see no likelihood of the USSR having excess railway equipment producing capacity if it is to meet the 1960 goals cited by Kaganovich. At the present the USSR is importing freight cars from Sovzone Germany, Hungary, and Poland. All other evidence we have been able to find points to unfilled internal demand for railroad equipment. Professor Schelling may well have been led to his over-estimates of the park by previously published steam locomotive production estimates, which are now thought to be excessive. The decline in production of railroad locomotives in 1951, to which he refers, now appears to have started in mid-1950 and to have remained low at least through 1952. Very possibly it was caused by the production of military end items in the locomotive plants. This is far from proving the existence of excess capacity in any meaningful sense of the term.

12. Precisely the same difficulty arises with regard to Schelling's "evidence" on trucks. The high estimates may have led him to conclude that the economy was approaching saturation. But our present estimates indicate no leveling off in sight. The slow rise in production reported by Schelling was correct but for different reasons. Planned expansion of capacity was not realized and the pressure to expand output has remained high.

13. The tractor facts more nearly approximate the situation Professor Schelling reports. Although the production figures he used are high, his conclusions about expanding the park agree with those reported in RR-37, recently published. Accordingly, we agree some tractors could be exported by 1956 or 1957, but, depending on the numbers, such exports would interfere with present plans for agricultural growth. Agriculture could productively absorb many more small wheeled tractors than have been planned for production. The type most probably available for export would be the large track-laying tractor, but there is a potential demand for these tractors in sectors other than agriculture-- particularly in construction.

~~CONFIDENTIAL~~

-5-

14. Schelling's statement with respect to the machine tool situation in the USSR accord with current estimates. The growth of machine tool production has tapered off in the recent past, though there is no evidence of idle capacity or of prospective decline in production. However, the growth of the machine tool industry could be renewed, with resulting surplus for export if the Soviets desire.

C. Implications for Soviet Trade

15. It is not clear how applicable the general thesis is to the bloc as a whole, as opposed to the USSR alone, or to the USSR and European Satellites. Schelling points out that the economies of the USSR and Communist China are complementary and suggests that the exchange of Soviet capital goods for Chinese agricultural output will be expanded, but he ignores the fact that major deficiencies of capital goods exist in other parts of the bloc also. Soviet exports of capital goods may consequently be largely confined to the bloc. And, while China's ability to expand agricultural exports may well be doubted, if China does provide the USSR with a significant amount of agricultural goods, the economic pressures for East-West trade would be lessened. In general, he does not give sufficient emphasis to the strong possibility that intra-bloc integration and trade will continue to have priority over East-West trade.

16. As Schelling states, expanded trade between the Soviet bloc and underdeveloped countries outside the bloc would tend to improve the terms of trade of the latter, add stability to their export markets and domestic economies and stimulate their economic growth. These results would generate a certain amount of goodwill in official circles and might make the governments of these areas more friendly toward the USSR. This in turn might permit a strengthening of local Communist forces, while extensive commercial and technical contacts might offer attractive opportunities for penetration and subversion. The Communists, however, might presume that the stimulus to economic stability and growth would make the peoples of the underdeveloped countries less susceptible to radical solutions of their economic and social problems and would strengthen "bourgeois" institutions instead of weakening them. It therefore may at least be questioned whether the USSR, except in special cases like Afghanistan, would undertake a program of expanded exports of capital goods to the underdeveloped countries as an instrument of political warfare unless there were also strong economic motives for such trade.

D. Factors Affecting Western European Motives for Trade with the Bloc

17. The Schelling report concludes that no substantial increase is likely to occur in the trade between Western Europe and the Soviet bloc. This conclusion is based entirely on factors affecting Soviet capabilities and intentions, i.e., (a) declining export availabilities of foodstuffs, timber, and other raw materials, (b) anticipated surpluses of capital goods, (c) Soviet unwillingness to rely on imports of strategic commodities essential in wartime.

18. Any estimate of future developments would seem to require analysis of both sides of the equation. The Schelling report ignores the factors affecting

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-6-

Western motives for trading with the bloc--as if the volume and composition of East-West trade were determined by Soviet demands and availabilities alone. But the availability and prices of Western exports will have some effect in shaping the Soviet bloc's trade policies. Past experience has shown that bloc trading organizations are not indifferent to a good bargain, particularly if it can be combined with political advantages.

19. In some respects, Western European countries are potentially more vulnerable to Soviet trade offers than they have been in the recent past. Western Europe has gone through a period of reconstruction and exceptionally rapid economic expansion requiring large amounts of capital goods. The process of reconstruction and of catching up with the technological advances which have accumulated since the war is now nearing completion, and it is reasonable to expect that even under favorable conditions of economic activity and world trade, the rate of growth is going to slow down a bit. This means that Western Europe is a good deal more likely to have "exportable surpluses" of capital goods than the bloc. On the other hand, there is a possibility (though no certainty) that the slack will be taken up by increased demands from the underdeveloped areas of the Free World.

20. Aside from the "structural" factors, there are policy factors. Some Western countries are unable to compete in Free World Markets because of overvalued currencies, or because they are faced with trade barriers, or because they are nursing along weak industries. These countries are particularly vulnerable to Soviet bloc trade offers since bloc foreign trade monopolies can offer higher prices which they are then able to offset by charging higher prices for exports to Western countries in question. While this is not now taking place on a large scale anywhere except in Finland, the example of this country shows what would happen particularly in the event of a business recession in the West and a breakdown in trade liberalization.

## II. TENTATIVE IMPLICATIONS FOR INTELLIGENCE RESEARCH

21. Soviet agriculture should be examined from the viewpoint of potential gains in output which might result from investment in various forms and improvements in techniques. Such a project is already underway in ORR. OIR will intensify its work on the political, social and institutional factors that affect Soviet agricultural output.

22. The Schelling hypothesis indicates the importance of research on capital structure and capital formation in the Soviet Union. A study of long-term growth currently in process in ORR includes a consideration of the probable future growth of capital stock. OIR is also working on the problem of Soviet allocations to investment and consumption and to the various categories of investment goods in particular. Another ORR study is concerned with the volume of investment by industry in the USSR. Both of these problems should be investigated further. In addition continuing studies of particular industries are needed to determine which kinds of goods are the most likely to be exported if the Soviets should desire to increase exports.

~~CONFIDENTIAL~~

23. In addition, the examination of trade agreements, which is a continuing study, should disclose which specific capital goods the USSR agrees to export to the West. This could be followed by an examination of the Soviet industries which use these capital items to determine their postwar output growth, especially in relation to inputs of various types of machines. Such an examination might suggest the possibility of the development of excess capacity of the kind Schelling suggests. More analytical current studies of the commodity composition of Soviet and Communist China's exports should also be initiated.

24. Our limited knowledge of intra-bloc trade makes this an important research target, both for itself as an indication of the degree of integration of bloc economies, and as an alternative to East-West trade. In addition, further study of the Marxist approach to intra-bloc economic relations might be undertaken.

25. The non-economic goals of Soviet foreign trade policy could be examined by an attempt to answer the question: How much disorganization and instability has the USSR managed to introduce into foreign economies -- especially those without a strong Communist group -- by its international trade tactics in the past? (e.g., how many trade agreements have been broken or underfulfilled? To what degree have credit balances due to foreign countries accumulated in relation to the total value of that country's exports, or of their exports of this commodity? To what degree has the USSR been late in filling orders, or had complaints about the quality of its exports? To what degree have technical assistance teams, trade delegations, etc., been utilized for non-economic purposes?) Is there any geographic pattern to such evidence of disorganization? Has it characterized all of non-bloc trade? Do any of their non-bloc trading partners have no complaints?

26. It would also be desirable to examine the foreign trade of selected underdeveloped countries to determine, (a) the extent and tradition of their trade with the West and with the bloc, (b) the appeal of Communism internally, (c) the extent to which their culture is or is likely to be oriented toward, or in conflict with, that of the West (d) the characteristic degree of economic or political instability, (e) the degree to which they have participated in or are participating in economic development aid programs of the West, (f) the strength of their own desire for economic development, (g) the appeal of bilateral trade agreements as opposed to multilateral settlements and receipts of convertible currencies (i.e., existence of chronic balance of payments disequilibrium). Studies of these problems are already underway or have been completed in OIR.

27. A more complete job would involve a projection of rates of growth of underdeveloped countries, especially of their ability to export food and industrial raw material, together with a projection of the demand of the industrialized countries of the West for these same commodities, and the degree to which the industrialized countries will find growing markets in the underdeveloped countries.

28. The pressures in Western European countries for expanded East-West trade should be kept under continuing scrutiny. Particular attention should now be devoted to the problem of Free World markets for the output of the Western European

~~CONFIDENTIAL~~



-8-

capital goods industries as European demands for reconstruction and rearmament are tapering off. Industries and countries which appear to be particularly vulnerable to a business recession or a breakdown of Western European trade liberalization should be kept under constant review. Greater attention should be paid to prices in East-West trade and the extent to which higher prices offered by the Soviet bloc are inducing Western European countries to discriminate in favor of imports from the bloc, resulting in increased dependence on such trade.

29. Whether or not in the near future the USSR turns to the West to provide part of its food and raw material requirements, the long-run relative supply position of the West in basic commodities is worthy of detailed analysis. A number of economists in England and this country have been concerned over the disparate rates of growth between the production of food and industrial raw materials and uses of them. If past trends continue, according to an OIR study, these relationships imply a shift in the terms of trade in favor of the raw material producers and against the industrialized countries. The entry of the USSR as a buyer in this market would serve to emphasize this trend.

~~CONFIDENTIAL~~

-9-

### III. PROJECT BIBLIOGRAPHY

#### A. LIST OF OIR PROJECTS RELEVANT TO SCHELLING REPORT

1. IR-6360 - "Status of Soviet Agriculture", October 14, 1953
2. IR-6413 - "Soviet Consumers Goods Production: Policy and Prospects", September 16, 1953
3. EIC-P-1 - "Institutions and Policies in International Trade and Finance Within the Soviet Bloc", May 1954
4. NIE-11-54 - "Economic Capabilities of the USSR in 1956 and 1959", May 12, 1954
5. NIE-12-54 - "Economic Capabilities of the Eastern European Satellites", OIR contribution May 19, 1954
6. IR-6612 - "Prospects of the Soviet Economy", October 13, 1954
7. IR-6545 - "Soviet Economic Developments in 1953", March 3, 1954
8. EDAC Fact Sheet - "Changes in Soviet Export Pattern - 1953"
9. IR-6553 - "Current Trends in Trade Relations Between Western Europe and the Soviet Bloc", May 20, 1954
10. IR-6411 - "Developments in Soviet Trade Relations with Non-Communist Areas", March 11, 1954
11. IR-6633 - "Recent Developments in Soviet Bloc Trade with the West", released only to requestor (MDAC) and EDS, July 22, 1954
12. IR-6398 - "Communist China's Recorded Trade with Non-Communist Countries in the First Half of 1953", August 25, 1953
13. EIC-RI-S4 - "Communist China's Imports and Exports, 1954"
14. IR-6728 - "Sino-Soviet Agreements of October 11, 1954"
15. Soviet Affairs, November 1954: "USSR Liquidates Some of its Foreign Investments; USSR Excludes Grain for Export, Signs Pacts with Yugoslavia and Communist China". (Under Review)
16. SP-25 - "Soviet Takings from Satellite Countries", April 2, 1952
17. DRS-SP-36 - "Soviet Economic Exploitation and Public Opinion in the Soviet Eastern European Orbit", August 14, 1952

~~SECRET~~

-10-

18. IR-6313 - "Significance of Rail Transit Tariff Reforms in the Soviet Bloc", October 1, 1953
19. NIR-10-54 - "Soviet Bloc Capabilities for Economic Warfare", February 1954
20. BIC-P-5 - "The Balance of Payments of the Soviet Bloc with the Free World", in review.
21. IR- .7 - "Offers of Technical Assistance From Soviet Bloc to Under-developed Areas of the Free World", November 1954
22. IR- .6 - "Soviet Propaganda Approaches to E-W Trade", November 1954
23. IR-6402 - "Current Economic Problems in Finland", November 23, 1953
24. IR-5896 - "The Economic Importance of Current Trade with the Communist Bloc to the Non-Communist Far East", April 23, 1952
25. IR-5941 - "Peiping Trade Agreement and Its Impact in Japan", June 30, 1952
26. IR-6302 - "Facets of Chinese Communist and Soviet Behavior at ECAFE Meetings as Indicators of the Effectiveness of Trade Controls and of Sino-Soviet Policy Motivations", May 15, 1953
27. NIR-10-7-54 - "Communist Courses of Action in Asia through 1957"
28. IR-6373 - "Manifestations of Communist Economic Pressure on Burma", August 10, 1953
29. IB-1661 - "Political Implications of Recent Japanese-Soviet Trade Negotiations", August 10, 1954
30. IR-6562 - "Latin American Vulnerability to Communist Propaganda on Economic Themes", in process.
31. IR-6161 - "Trade of the Soviet Bloc with ECAFE Members", January 12, 1953
32. Soviet Affairs, October 1954, "Recent Trade Facts; Technical Aid to India"
33. DRF SP-88 - "1953 Developments in Trade Relations of ECAFE countries with the Soviet Bloc". (Supplement to IR-6161), January 8, 1954.
34. IR-6629 - "Recent Developments in Soviet Bloc Trade with South Asia", September 10, 1954

~~SECRET~~

~~SECRET~~  
-11-

35. IR-6624 - "Political Factors Affecting Asian Trade", July 22, 1954
36. IR-6654 - "Potential Trade Between the Philippines and Communist China, August 6, 1954
37. IR-6731 - "The Role of Exports in the Economies of Southeast Asia", in process.
38. IB-1255 - "Eastern Europe Increases Trade with Iran", October 20, 1952
39. NIE-34-54 - "The Outlook for Iran through 1955" (Section on E-W Trade), November 19, 1954
40. NIE-53-54 - "The Outlook for Afghanistan", (Section in E-W-Trade), August 27, 1954
41. IB-1629 - "Increased Afghan Economic Dependence on the USSR", June 16, 1954
42. NIE-36-54 - "Probable Developments in the Arab States", (Section in E-W Trade), July 30, 1954
43. IR-6675 - "Trade Relations of Egypt with the Soviet Bloc", under review
44. IR-6434 - "Latin American Trade with the Soviet Bloc", October 19, 1953
45. IB-1449 - "Soviet Bloc Trade Ties with Latin America", July 17, 1953
46. See Item 30, IR-6562, "Latin American Vulnerability to Communist Propaganda in Economic Themes", in process
47. IE-36 - "Political Instability in the Near East", January 14, 1952
48. IR-5788 - "Turkey: A Case Study in Stability", November 24, 1952
49. IR-5782.1 - "Political Instability in Iraq", April 8, 1952
50. IR-5782.5 - "Political Instability in the Gold Coast", August 18, 1952
51. IR-5782.4 - "Political Instability in India", in process
52. IR-6702 - "Interaction of Economic Development and Political Instability in the Near East and Africa", November 11, 1954
53. IR-6699 - "The Bearing of Economic Problems in East Asia on Communist Strategy and Prospects", August 24, 1954
54. IR-6509 - "Political Instability in Indonesia", January 27, 1954

~~SECRET~~

-12-

55. IR-6749 - "The Problem of Economic Development in South and Southeast Asia", November 8, 1954
56. IR-6020 - "The Limited Importance of Eastern Europe as a Potential Source of Dollar Commodities for Western Europe, February 26, 1953
57. IR-6063 - "The Japanese Economy: Recent Developments and Future Prospects", January 21, 1953
58. SE-37 - "Probable Effects on the Soviet Bloc of Certain Courses of Action directed at Internal and External Commerce of Communist China"
59. IR-6645 - "Prices of Minerals Offered to Italy by the USSR", August 19, 1954
60. "Importance of Imports of Selected Commodity Categories to the Economy of Communist China, February 1953 (Material prepared for COCOM)
61. IR-5912R - "World Grain Trade and Prospects for 1960", October 28, 1952
62. IR-5923R - "The Long Term Outlook for Raw Material and Food Prices Relative to Prices of Manufactures", October 28, 1952
63. IR-5940 - "Asian Rice Prospects for 1961", November 10, 1952
64. IR-6247 - "South and Southeast Asia's Gains from Trade 1950-52", May 29, 1953
65. IR-6588 - "Factors Affecting the Level and Pattern of Far East Trade, May 17, 1954
66. IR-6657 - "Political Aspects of Economic Development", in process
67. IR-6659 - "India's Economic Development Problems", September 28, 1954
68. IR-6718 - "Political and Economic Implications of Development Problems in Latin America", October 8, 1954

~~SECRET~~

-13-

B. SELECTED ORR REPORTS RELATING TO THE "SCHELLING REPORT"

NOTE: In addition to these pertinent studies, ORR has produced many other reports on industries of the USSR and other Bloc Countries that may prove useful to an understanding of the problems raised by Mr. Schelling.

<u>PROJECT NUMBER</u>	<u>TITLE</u>
IM-362	Preliminary Estimate of 1951 Grain Production in the USSR and the European Staellites (S) (11 pp.) 20 December 1951
PR-3	The Electron Tube Industry in the USSR (S) (27 pp.) 6 October 1951
EIC-R-3	Contribution to NIE-59, "Relative Strategic Importance of East-West Trade to the Soviet Orbit and to the Rest of the World" (S) (115 pp., 2 charts) 3 October 1952
EIC-RI-SI	Communist China's Imports and Shipping Involved in Trade with Communist China, 1 January - 30 June 1952 (First Supplement to EIC-R-1) (S) (77 pp., 3 graphics) 10 December 1952
CIA/RR 2	Six new Steel Plants in the USSR (S) (46 pp., 1 map) 31 March 1952
CIA/RR 9	The Heavy Electrical Machinery Industry in the Soviet Bloc (S) (95 pp.) 12 September 1952
CIA/RR 17	The Volume and Character of Soviet-Flag Ocean Traffic (S) (46 pp., 1 map) 9 December 1952
PR-6	The Machine Tool Industry of the USSR (S) (40 pp.) 3 January 1952
PR-10	Inland Water Transport in the USSR (S) (25 pp.) 11 January 1952
PR-11	Merchant Shipping in the USSR (S) (24 pp.) 22 January 1952

~~SECRET~~

-14-

<u>PROJECT NUMBER</u> (Cont'd)	<u>TITLE</u>
PR-12	Soviet Highway Transport in the USSR (S) (19 pp.) 31 January 1952
PR-13	The Tube and Pipe Mill Equipment Industry in the Soviet Bloc (S) (10 pp.) 1 March 1952
PR-15	Weather-Crop Yield Correlations as applied to Crop Yield Estimates for the European USSR (S) (63 pp., 2 graphics) 26 May 1952
IM-367	Crop Conditions in the Soviet Bloc (S) (6 pp.) 15 September 1952
EIC-R-9	Capability of the Trans-Siberian Railroad and Connecting Lines in Manchuria and Korea (S) (26 pp., 1 map) 23 March 1953
CIA/RR 21	The Coal Mining Equipment Industry of the USSR (Project 28-51) (S) (295 pp., 17 illustrations) 27 May 1953
CIA/RR 22	An Analytical Framework for Study of Economic Warfare with Special Reference to East-West Trade Problems (Project 92-51) (C) (21 pp.) 30 April 1953
CIA/RR 23	The Economy of the Soviet Bloc: Production Trends and 1957 Potential (S) 20 May 1953
CIA/RR 33	The Economy of Communist China Through 1957 (S) April 1954
PR-28	Livestock Numbers and Meat Production in the USSR (Project 53-51) (S) (76 pp.) 17 June 1953
PR-31	Railroad Transport Capabilities between the Soviet Frontier and Western Europe (Project 10-51) (US Officials Only) (S) (41 pp., 3 maps) 27 May 1953
IM-373	Production and Utilization of Cotton in the Soviet Bloc: 1952 (Project 21.5.1) (S) (13 pp.) 4 June 1953

SECRET

-15-

PROJECT NUMBER (Cont'd)

TITLE

IM-374

New Soviet Decree Reducing Prices of Consumer's Goods (Project 48.3) (S) (16 pp.) 18 June 1953

CIA/RR 26

The Antifriction Bearings Industry in the Soviet Bloc (Project 43-51) (US Officials Only) (S) (215 pp., 3 maps, 7 photos, 3 graphics) 30 October 1953

PR-36

The Volume and Nature of Inland Water Traffic in the USSR (Project 13-51) (US Officials Only) (S) (44 pp.) 5 August 1953

25X1B4d

PR-38

The Food-Canning Industry in the Soviet Union (Project 3-52) (US Officials Only) (S) (161 pp.) 21 September 1953

PR-40

Marti Shipyard No. 444 in Nikolayev, Nikolayev Oblast (Project 35.1.1) (US Officials Only) (S) (30 pp., 1 graphic) 9 December 1953

IM-378

Production and Utilization of Potatoes in the Soviet Bloc, 1952 (Project 21.4.1) (S) (20 pp.) 23 September 1953

IM-380

Measures to Further the Development of Agriculture in the USSR (Project 21.28) (S) (8 pp.) 2 October 1953

IM-381

Soviet Fulfillment of Agricultural Goals, 1952 (Project 21.12.1) (S) (36 pp.) 12 October 1953

EIC-R-3

Generalized Assessment of Economic Damage to the Soviet Bloc in the Event of a Complete Severance of East-West Trade (Project 13.7) (S) (35 pp., 2 graphics) 31 August 1953

~~SECRET~~



-16-

<u>PROJECT NUMBER</u> (Cont'd)	<u>TITLE</u>
MP-109	Some Indications of the Magnitude of Strategic Trade Transactions during 1953 and the Importance of Surveillance and Enforcement (Project 115.10.1) (US Officials Only) (S) (5 pp.) 4 December 1953
CIA/RR 27	Production of Locomotives and Rolling Stock in the USSR and European Satellites (Project 32-51) (US Officials Only) (S) (244 pp., 3 maps, 7 graphics) 31 December 1953
CIA/RR 35	Input Requirements of the Aircraft Industry of the USSR (Project 33.226) (S) (170 pp.) 15 June 1954
PR-46	Organization and Turnover of Soviet Retail Trade, 1948-52 (Project 48.1.4) (S) (73 pp.)
PR-58	Plant Study of the Iron and Steel Industry of the USSR: Economic Region VI, Volga (Project 23.177) (US Officials Only) (S) (44 pp.) 20 April 1954
PR-59	Production of Floating and Fixed Bridging in the Soviet Bloc (Project 31.214) (US Officials Only) (S) (24 pp., 5 photos) 24 May 1954
35.246 (RA)	Interim Study of USSR Shipyards in Economic Region III (In manuscript form) (S) (122 pp.)
IM-385	Changes in the Agricultural Policies of the European Satellites during 1953 (Project 21.150) (S) (14 pp.) 12 April 1954
EIC-WP-3	Surplus or Deficit Position of Various Countries in Major Agricultural Commodities Available for Export from the United States (S) (49 pp.) March 1954
CIA/RR 37	The Role of the Tractor Industry in the USSR, 1940-54 (Project 32.292) (S) (97 pp., 4 illustrations) 16 August 1954

~~SECRET~~

-17-

<u>PROJECT NUMBER</u> (Cont'd)	<u>TITLE</u>
PR-60	Western European Shipbuilding for the Soviet Bloc and Its Effects on the Bloc Economy (Project 35.244) (US Officials Only) (S) (34 pp.) 9 June 1954
PR-61	Plant Study of the Iron and Steel Industry of Economic Region VII (Project 23.178) (US Officials Only) (S) (154 pp., 1 map) 17 June 1954
PR-62	Plant Study of the Iron and Steel Industry of the USSR: Economic Region X (Project 23.180) (US Officials Only) (S) (42 pp., 1 map) 23 June 1954
PR-63	Plant Study of the Iron and Steel Industry of the USSR: Economic Region XI (Project 23.181) (S) (41 pp., 1 map) 23 June 1954
PR-69	Plant Study of the Iron and Steel Industry of the USSR: Economic Region III (project 23.176) (US Officials Only) (S) (514 pp., 1 map, 4 charts) 27 August 1954
PR-70	Molotovsk Shipyard No. 402 in Molotovsk, Archangel Oblast (Project 35.287) (S) (34 pp., 2 graphics, 6 charts) 19 August 1954
IM-388	Trends in Trade Relations between the USSR and the Free World (Project 42.331) (S) (15 pp., 1 chart) 16 July 1954
IM-391	1953 Soviet Agricultural Results, Future Plans, and Prospects (Project 21.148) (C) (22 pp.) 13 August 1954
IM-393	Preliminary Estimates of Production of Textile Fibers in the Soviet Bloc (Project 21.154) (US Officials Only) (S) (24 pp.) 3 September 1954
IM-394	Developments in Forestry and Forest Products in the Soviet Bloc, 1953 (Project 21.155) (US Officials Only) (S) (28 pp., 3 charts) 10 September 1954

-18-

PROJECT NUMBER (Cont'd)

TITLE

IM-397

The "New Course" and the Livestock  
Industry in the Soviet Bloc (Project  
21.144) (S) (13 pp., 3 charts)  
17 September 1954

National Intelligence Estimates Relating  
to the Schelling Hypothesis

NIE-59

Probable Effects of a Severance of  
East-West Trade (S) 15 September 1952

NIE 10-54

Soviet Bloc Capabilities for Economic  
Warfare (S) 9 March 1954

NIE 100-3-54

Consequences of a Relaxation of  
Non-Communist Controls on Trade with the  
European Soviet Bloc (S) 23 March 1954

~~SECRET~~